

PAYMENT ARRANGEMENT

A consumer lives on a very fixed income (\$800/month) and has an electric bill that fluctuates seasonally (higher in the winter and summer months). However, an average bill is too expensive for the consumer. The consumer's household has experienced a loss in income recently (one household member recently lost a decent-paying job and is looking for work) and last month the consumer paid the \$75 electric bill with a check that bounced.

The next month's bill included the charges that hadn't been paid, as well as the current charges, total amount owed was \$180. The consumer again paid the prior month's charges with a check that subsequently bounced and the company applied returned check fees.

In the meantime, a disconnection notice was generated for \$100 (including a \$25 returned check fee); current charges of \$130 (including another \$25 returned check fee) are due shortly after the disconnection window closes; and the company has required the consumer to pay by cash or money order only going forward.

The consumer calls the company a week before the disconnection window to try and work out a payment arrangement. The consumer has never entered into any payment arrangements before and has been a good-paying customer in the past.

1. What are the issues the company should consider when working with the consumer to set up a payment arrangement?
2. What payment arrangement options are available to the consumer if a budget payment plan is too expensive?

Q1. What are the issues the company should consider when working with the consumer to set up a payment arrangement?

A1. Rule 3.300 states that a utility should consider the consumer's income and any change of circumstance, such as loss of income and payment history. Since the customer has a good past history and the loss of income could be temporary, CAPI would encourage flexibility.

Q2. What payment arrangement options are available to the consumer if a budget payment plan is too expensive?

A2. The utility could allow the customer to pay less than half of the notice amount, perhaps 1/3 of the total balance (\$76.00), with an extended payment arrangement on the balance: 6 months would be \$25.00 per month.